THE ECONOMY AT A GLANCE
HOUSTON

GREATER HOUSTON PARTNERSHIP
Making Houston Greater.

A publication of the Greater Houston Partnership Volume 31 Number 6 – June 2023

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GLOBAL HOUSTON REPORT

On May 12, the Greater Houston Partnership released its '23 Global Houston report. The full report can be found at the Partnership's website. A summary of the document follows.

Houston Exports

Houston led the nation in exports in '22, shipping more than $191.8 billion in goods and commodities abroad. New York ranked second, Chicago third. Houston has ranked as the nation's top exporting metro nine out of the past 10 years.

TOP U.S. EXPORTING METROS IN '22

Rank	Metro	$ Billions
1	Houston	191.8
2	New York	120.6
3	Chicago	63.4
4	Los Angeles	61.0
5	New Orleans	52.9
6	Dallas-Fort Worth	50.6
7	Miami	41.5
8	Detroit	40.4
9	El Paso	36.5
10	Portland	34.4

Source: U.S. Census Bureau; U.S. Exports by Metropolitan Area

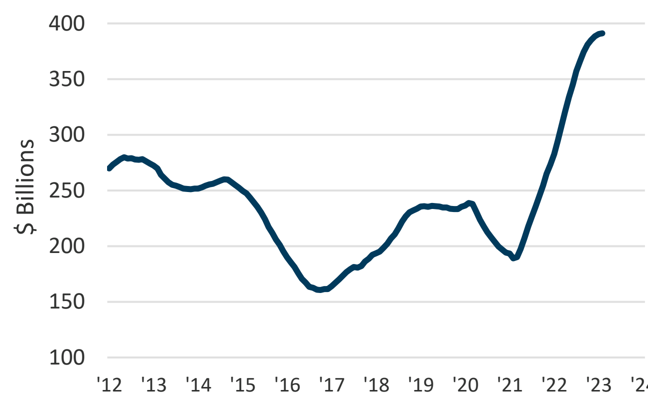
The data comes from the U.S. Census Bureau's origin of movement (OM) series. Unlike customs district data which measures trade passing through the region, the OM series tracks goods based on the metro from which a good began its export journey.

Since '17, Houston's OM exports have more than doubled. No other metro has seen a comparable increase. New Orleans has come closest with its exports up 67.0 percent, followed by Dallas-Fort Worth, up 65.6 percent.

Customs District Traffic

The Houston/Galveston Customs District set another tonnage record in '22. The eight ports that comprise the district handled over 382.8 million metric tons of goods and commodities, a 10.4 percent rise over '21. Those shipments were valued at $372.6 billion, a 43.0 percent jump over '21. Since '12, tonnage has climbed 54.1 percent.

TRADE, 12-MONTH TOTAL,
Houston Galveston Customs District



Source: U.S. Census Bureau

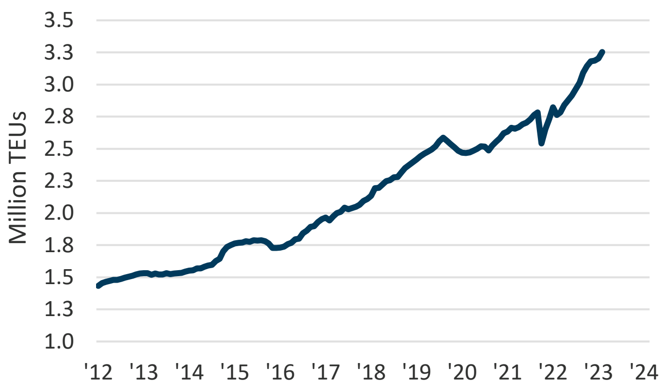
Customs district data differs from the origin of movement (OM) export data in that it reflects what passes through a region, which doesn't necessarily correspond with where an item was manufactured or produced.

The Houston district is among the few where exports consistently exceed imports. Exports accounted for 66.0 percent of all cargo value handled in '22. That's up from 51.2 percent in '13, the first year that exports overtook imports. Los Angeles, New York, and Savanah may rank near Houston in overall value of shipments, but exports comprise a smaller share of the cargoes they handle. In '22, exports accounted for 17.9 percent of the value of shipments through New York, 16.1 percent through Los Angeles, and 25.5 percent through Savannah.

Container Traffic

The Port of Houston set a record for container traffic in ’22, handling nearly 3.2 million loaded TEUs (twenty-foot-equivalent units). That’s a 482,000 TEU (17.9 percent) boost over ’21. Houston ranked as the nation’s fifth busiest container port, behind Los Angeles, New York, Long Beach, and Savannah. The Port of Houston handles over 70 percent of all container traffic on the U.S. Gulf Coast.

PORT OF HOUSTON CONTAINER TRAFFIC
TEUs, 12-Month Total

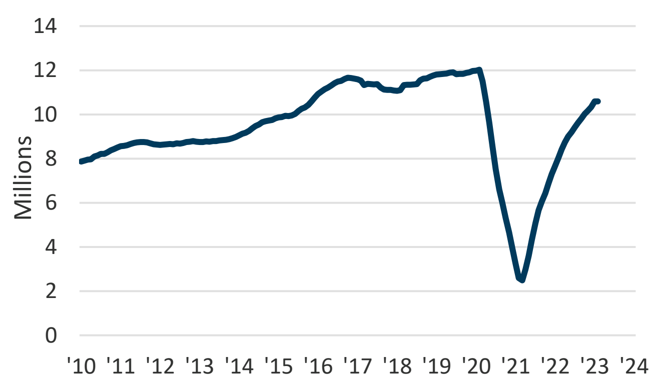


Source: Port Houston

International Air Traffic

Air travel is one of two areas where Houston’s ties to the global economy have yet to return to pre-COVID levels. The 10.4 million international passengers handled in ’22 reflects an improvement over the 7.3 million passengers in ’21 but still fell 13.6 percent below ’19 levels.

INTERNATIONAL AIR PASSENGERS
Houston Airport System, 12-Month Total



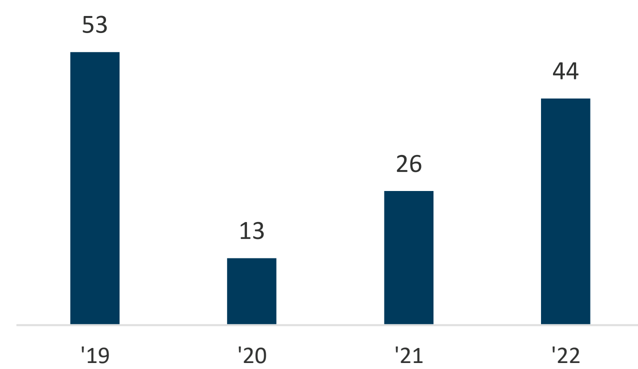
Source: Houston Airport System

International air cargo is another area still lagging behind pre-pandemic levels. The 188,000 metric tons handled at Bush Intercontinental Airport in ’22 fell 22,000 tons below ’19 levels.

Foreign Direct Investment (FDI)

In ’20, only 13 non-U.S. firms announced plans to expand or relocate operations in Houston. Foreign investment picked up in ’21 with the region capturing 33 projects. It accelerated in ’22 with 44 announcements.

FDI PROJECTS ANNOUNCED, METRO HOUSTON



Source: Partnership’s New Business Announcements database

Since ’09, more than 500 foreign-owned firms have announced over 700 projects in metro Houston, according to the Partnership’s New Business Announcements database. The parent companies are from 38 countries. Those 700+ projects stretch across 65 industries and represent $36.7 billion in capital investments. That’s likely an underestimate since many firms did not disclose the value of their investments.

The flow of foreign investment shows no sign of letting up this year. Just over half of all the relocation and expansion prospects the Partnership’s economic development team worked on in Q1/23 involved foreign-owned companies.

International Migration

Houston ranked third in international migration last year. The 47,473 migrants accounted for 38.0 percent of Houston’s population growth, compared to 37,571 residents (30.0 percent) from domestic migration and the 39,983 (32.0 percent) from the natural increase, *i.e.,* births minus deaths.

INTERNATIONAL MIGRATION IN ’22
Top 10 Destinations

Metro	Migrants	Metro	Migrants
New York	99,677	St. Louis	36,203
Miami	67,130	Boston	35,286
Houston	47,473	Seattle	29,759
Los Angeles	44,858	San Francisco	27,522
Dallas	38,505	Chicago	26,711

Source: U.S. Census Bureau

If not for international migration, the region would be much smaller. Immigration has contributed 361,000 new residents, about 30.9 percent of the region's population growth, since '13. International migration has also been more consistent than domestic migration.

Nearly one in four Houstonians, 1.7 million residents, was born abroad. The region has the fourth largest foreign-born population after New York, Los Angeles, and Miami. Of Houston's foreign-born, 42.9 percent are naturalized (i.e., U.S. citizens), up from 39.2 percent 10 years ago.

Houston's immigrant population plays a crucial role in the local economy. Local GDP grew from $382.9 billion in '11 to $537.1 billion in '21, a $154.1 billion increase. That was driven by the 550,000 people who joined the metro workforce over that period. Foreign-born workers (231,000) accounted for 41.9 percent of that growth.

Other data included in the Global Houston report reflects Houston's influence as a global business hub:

- Houston has trading relationships with more than 200 countries.
- More ships call on Houston each year than any other U.S. port.
- Over 1,700 foreign-owned firms have an office, factory, distribution, or service center in Houston.
- Nearly 150 Houston-headquartered companies operated subsidiaries outside the U.S.

POPULATION UPDATE

The City of Houston added 11,223 residents in '22, ranking it seventh among U.S. cities in population growth.

U.S. CITIES RANKED BY POPULATION GAINS, 7/21 TO 7/22

Rank	City	Population as of 7/1/22	Change, '21 – '22 #	Change, '21 – '22 %
1	Fort Worth, TX	956,709	19,170	2.0
2	Phoenix, AZ	1,644,409	19,053	1.2
3	San Antonio, TX	1,472,909	18,889	1.3
4	Seattle, WA	749,256	17,749	2.4
5	Charlotte, NC	897,720	15,217	1.7
6	Jacksonville, FL	971,319	14,408	1.5
7	Port St. Lucie, FL	231,790	13,887	6.4
8	Cape Coral, FL	216,992	13,017	6.4
9	Houston, TX	2,302,878	11,223	0.5
10	Georgetown, TX	86,507	10,887	14.4

Source: U.S. Census Bureau

Houston fared well compared to other cities. Of the 73 U.S. municipalities with 300,000 or more residents, 35 shed population. New York lost 123,000; Chicago, 33,000; Los Angeles, 15,700; Philadelphia, 22,200; San Jose, 10,233; Portland, 8,308; Detroit, 7,791; New Orleans, 7,314; and St. Louis, 6,984 residents.

Houston has fared well compared to others over the decade as well. Four of the nation's 10 most-populous municipalities have lost population since '12. San Jose has since dropped out of the top 10 and been replaced by Austin (pop. 974,447).

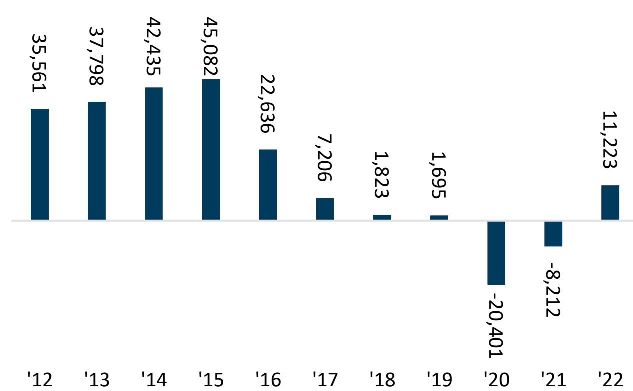
GAINS AND LOSSES, MOST POPULOUS U.S. CITIES IN '12

Rank	City	City Population '12	City Population '22	Change Since '12 #	Change Since '12 %
1	New York	8,346,693	8,335,897	-10,796	-0.1
2	Los Angeles	3,851,202	3,822,238	-28,964	-0.8
3	Chicago	2,719,141	2,665,039	-54,102	-2.0
4	Houston	2,161,593	2,302,878	141,285	6.5
5	Philadelphia	1,551,824	1,644,409	92,585	6.0
6	Phoenix	1,499,274	1,567,258	67,984	4.5
7	San Antonio	1,383,075	1,472,909	89,834	6.5
8	San Diego	1,336,776	1,381,162	44,386	3.3
9	Dallas	1,242,115	1,299,544	57,429	4.6
10	San Jose	983,530	971,233	-12,297	-1.3

Source: U.S. Census Bureau

However, most of Houston's growth occurred from '12 to '16. The city added only a few residents in '17 through '19, lost population in '20 and '21, and resumed growing in '22.

CITY OF HOUSTON POPULATION GAINS AND LOSSES



Source: U.S. Census Bureau

The nine-county Houston metro area added 124,281 residents last year. That's an improvement over '21 when the region added 75,088 residents and '20 when it added 91,078.

However, less than 10 percent of the region's population growth in '22 occurred within the City of Houston. About one-fourth (27.7 percent) occurred outside the city but within Harris County. Roughly two-thirds (63.3 percent) occurred in the surrounding counties.

METRO HOUSTON POPULATION GAINS, '21 – '22

County/City	Net Gains	Share of Gains (%)
Austin County	676	0.5
Brazoria County	9,323	7.5
Chambers County	2,567	2.1
Fort Bend County	29,022	23.4
Galveston County	1,808	1.5
Harris County	45,626	36.7
City of Houston	11,223	9.0
Harris Outside of Houston	34,403	27.7
Liberty County	4,610	3.7
Montgomery County	28,229	22.7
Waller County	2,420	1.9
Totals	*124,281*	100.0

Source: Partnership calculations based on U.S. Census Bureau data

As of July 1, 2022, the 10 most populous cities in the region are Houston (2,302,8780), Pasadena (147,662), Pearland (126,949), League City (115,418), Sugar Land (109,414), Conroe (101,405), Baytown (84,324), Missouri City (76,500), Texas City (55,667), and Galveston (53,089).

CONSTRUCTION

Dodge Data & Analytics reports new contract awards for construction projects have fallen 28.2 percent from last year's pace. Through April, residential activity has fallen 31.0 percent, non-residential, 33.6 percent, and infrastructure, 9.5 percent.

CONTRACTS FOR NEW PROJECTS, ADDITIONS, AND MAJOR ALTERATIONS, METRO HOUSTON

	$ Billions		% Change,
	'23	'22	'22 – '23
Non-Residential	3.115	4.691	-33.6
Residential	3.873	5.611	-31.0
Non-Building	2.005	2.216	-9.5
Total	8.994	12.518	28.2

Source: Dodge Data & Analytics

Dodge tends to under-report activity initially only to adjust the data upwards in future press releases. However, a drop of this magnitude is unlikely to be revised away.

The Dodge reports are indicative of what's to be expected in coming months, not the current level of activity. City of Houston building permits are up 16.9 percent ($411.8) million through April of this year. And CoStar reports office, industrial, and retail construction activity have slipped only marginally since the end of '22.

COMMERCIAL CONSTRUCTION, METRO HOUSTON

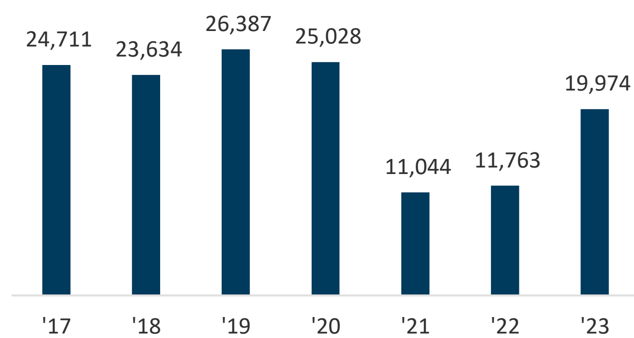
	Million Square Feet		
	Warehouse	Office	Retail
Q2/23	36.107	4.522	4.664
Q4/22	37.121	5.672	5.308
Difference, Q2/23 – Q4/22			
Sq. Ft.	-1.014	-1.15	-0.644
%	-2.7	-21.1	-11.3

Source: CoStar

SINGLE-FAMILY HOUSING

Metro Houston entered the prime home-buying season with re-sale listings above last year's levels but below historic norms.

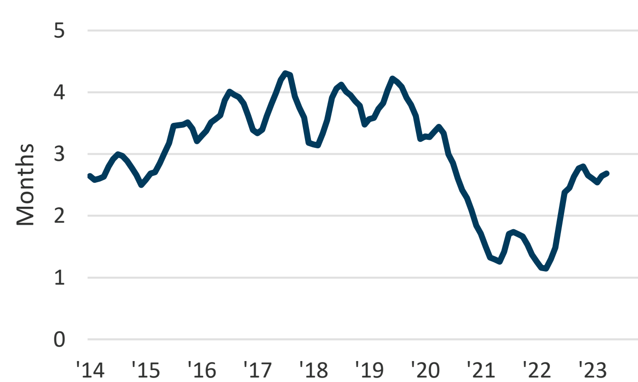
APRIL SINGLE-FAMILY LISTINGS, METRO HOUSTON



Source: Houston Association of Realtors

Inventory continued to improve, growing to a 2.7-month supply in April. That's up from a record low of 1.1 months in March of last year. Months of inventory refers to how long it would take to sell all homes listed for sale in the Houston Association of Realtors (HAR) database at the current pace of closings. A four-to-six-month supply is considered a balanced market in which neither the buyer nor the seller has an advantage. Nationally, the housing supply stands at 2.6 months of inventory.

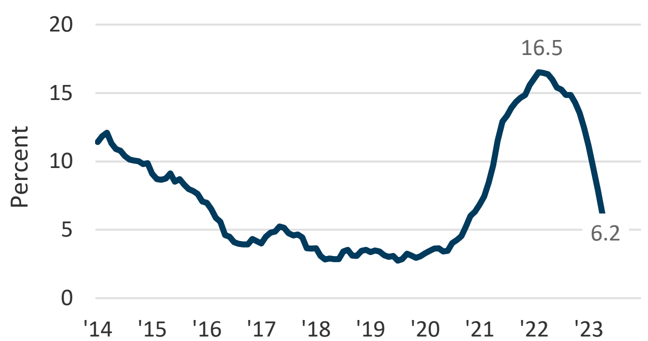
MONTHS OF INVENTORY, METRO HOUSTON



Source: Houston Association of Realtors

Prices appear to be stabilizing. The median price of a single-family resale home in Houston rose at a 16.5 percent annual rate in April of last year. That has since settled to around six percent. The long-term average is between three and four percent.

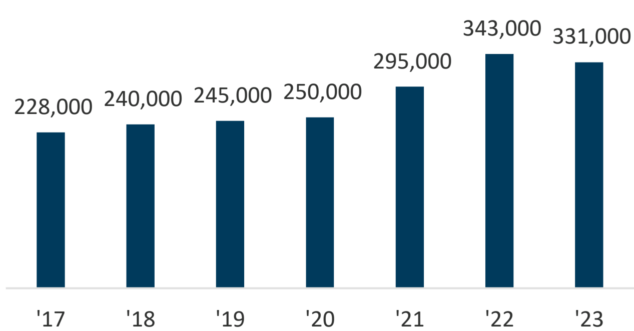
PERCENT CHANGE OVER THE PREVIOUS 12 MONTHS IN THE SALES PRICE OF A MEDIAN-PRICED HOME IN HOUSTON*



* calculated using the 12-month average of the median price home.
Source: Partnership calculations based on Houston Association of Realtors data

Home prices in Houston remain well above the levels of a few years ago, however. The median-priced resale home in Houston lists for $100,000 more than it did in '17.

APRIL SALES PRICE, MEDIAN-PRICED HOME



Source: Partnership calculations based on Houston Association of Realtors data

Affordability remains an issue. The principal and interest payments for a median-priced home purchased in April '23 in Houston are nearly $900 higher (65.9 percent) than it was three years ago.

PRINCIPAL + INTEREST FOR MEDIAN-PRICED HOME

Date	Home Price	Interest Rate*	Monthly Payment*
Apr '20	250,000	3.31	1,364
Apr '21	295,000	3.06	1,522
Apr '22	343,000	4.98	2,065
Apr '23	331,000	6.34	2,263

* Average interest on 30-year fixed-rate mortgage
**Principal and interest only. Assumes a 10 percent down; excludes mortgage insurance, property insurance, taxes, and HOA fees
Source: Partnership calculations based on Houston Association of Realtors and Freddie Mac data

HAR estimates that only 42 percent of Houston households earned the minimum annual income of $89,600 needed to purchase the median-priced home in Q1/23. That's down from 47 percent in Q1/22 and 69 percent in Q1/13.

New home construction has slipped marginally from last year's levels. Zonda estimates approximately 44,000 construction permits for single-family homes will be issued in the metro area this year. That's down from about 47,000 in '22.

MULTIFAMILY

The outlook for the multifamily market is bright for renters but not so much for landlords. Occupancy across all classes of units has trended downward since last year.

Apartment Occupancy (%), Metro Houston

	Overall	Class A	Class B	Class C
Aug-21	91.4	86.8	93.9	92.6
Nov-21	91.6	86.5	94.1	93.1
Feb-22	91.3	85.9	93.8	93.1
May-22	91.1	86.2	93.3	92.9
Aug-22	91.0	86.9	92.9	92.4
Nov-22	90.4	86.9	92.2	91.4
Feb-23	89.8	85.9	91.9	90.9
May-23	89.9	86.1	92.1	90.7

Source: Apartment Data Services

Several factors have impacted occupancy: the ending of COVID-19 stimulus payments to certain households, expiration of the Centers for Disease Control's national moratorium on apartment evictions, and overbuilding.

Developers delivered 19,500 apartment units last year, but the market absorbed fewer than 4,000. Class A absorption was positive (+11,500 units), but Class B and C was negative (-2,700 and -4,300 units). Through May of this year, Class A has absorbed 4,700, Class B has shed roughly 100, and Class C has dropped another 1,000.

Overbuilding has limited increases in monthly rent. For the 12 months ending May '23, Class A rents have slipped an average of 0.2 percent while Class B ticked up 1.3 percent and Class C rose 2.4 percent, according to reports from Apartment Data Services.

EMPLOYMENT UPDATE

Metro Houston created 300 jobs in April, according to the Texas Workforce Commission (TWC). That's the weakest April on record in a non-recession year. Most sectors saw job growth, albeit nominal, but outsized losses in construction, transportation and warehousing, and other services pulled down overall employment levels.

Sectors adding the most jobs were restaurants and bars (4,900), administrative support services (2,500), wholesale trade (1,400), health care and social assistance (1,000), manufacturing (900), energy (800), hotels (700), and retail trade (500).

Sectors experiencing the greatest job losses included construction (-8,100), transportation, warehousing and utilities (-2,100), other services (-1,300), state colleges and universities (-700), professional, scientific and technical services (-700), and finance and insurance (-500).

The losses in construction were unusually large. Only once before, in April '20, did Houston experience greater construction losses (23,600). The most recent cuts reflect the impact of rising interest rates, unease over near-term economic prospects, and emerging concerns about overbuilding in some segments of the local economy.

As of April, total nonfarm payroll employment stood at 3,332,400, up 3.5 percent (112,600 jobs), over April '22. And since May '20, the region has created 499,900 jobs, recouping 139.1 percent of the 359,300 jobs lost in the pandemic.

Initial claims filed for unemployment benefits in the metro area have ticked up within recent weeks but are no cause for alarm. Since early March, claims have averaged 4,017 per week. In the second half of '22, they averaged 3,751. In the 12 months leading up to the pandemic, they averaged 3,680.

KEY ECONOMIC INDICATORS

Clicking on the hyperlinks provides additional details.

Aviation — The Houston Airport System (HAS) handled 56.9 million passengers in the 12 months ending April '23, up 12.3 percent from 50.7 million handled over the comparable period in '22. While a substantial improvement over last year, traffic remains 3.0 million passengers (5.0 percent) below its pre-pandemic peak.

Inflation — Inflation, as measured by the Consumer Price Index for all Urban Consumers (CPI-U), rose 4.9 percent nationwide in the 12 months ending April '23. This was the smallest 12-month increase since the period ending April '21. In Houston, prices rose 4.0 percent over the year. That's the smallest 12-month increase for the region since March '21.

Purchasing Managers Index — Economic activity in Houston expanded at a slower pace in April than March, according to the most recent Houston Purchasing Managers Index (PMI) prepared by the Institute for Supply Management-Houston. The PMI slipped 3.2 points to 51.6 in April, down from 54.8 in March. Readings over 50 indicate expansion in Houston's economy, below 50, contraction. Manufacturing sector activity reported a significant rate of contraction while nonmanufacturing activity continues to expand but at a much slower rate.

Unemployment — The unemployment rates for metro Houston, Texas, and the U.S. improved last month, according to the Texas Workforce Commission (TWC). Houston's unemployment rate slipped from 4.4 percent in March to 4.0 percent in April. Texas' rate slipped from 4.2 percent to 3.7 percent. The U.S. rate slipped from 3.6 percent to 3.1 percent. The rates are not seasonally adjusted.

Vehicle Sales — Houston-area dealers sold 335,745 cars, trucks, and SUVs in the 12 months ending April '23, a 23.2 percent increase over the 272,620 sold over the comparable period in '22, according to TexAuto Facts, published by InfoNation, Inc. Car sales are up 18.7 percent, truck and SUV sales, 24.5 percent.

Patrick Jankowski and Clara Richardson contributed to this issue of Houston: The Economy at a Glance.

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The Partnership also posts short videos updating viewers on the latest U.S. and local economic trends. You can find those videos on the Partnership's LinkedIn page.

HOUSTON MSA NONFARM PAYROLL EMPLOYMENT (000)

	April 23	March 23	April 22	Change from March 23	Change from April 22	% Change from March 23	% Change from April 22
Total Nonfarm Payroll Jobs	**3,332.4**	**3,332.1**	**3,219.8**	**0.3**	**112.6**	**0.0**	**3.5**
Total Private	***2,881.5***	***2,881.6***	***2,787.0***	***-0.1***	***94.5***	***0.0***	***3.4***
Goods Producing	***514.6***	***521.0***	***508.0***	***-6.4***	***6.6***	***-1.2***	***1.3***
Service Providing	***2,817.8***	***2,811.1***	***2,711.8***	***6.7***	***106.0***	***0.2***	***3.9***
Private Service Providing	***2,366.9***	***2,360.6***	***2,279.0***	***6.3***	***87.9***	***0.3***	***3.9***
Mining and Logging	68.9	68.1	64.9	0.8	4.0	1.2	6.2
Oil & Gas Extraction	29.4	29.2	28.7	0.2	0.7	0.7	2.4
Support Activities for Mining	37.7	37.3	34.9	0.4	2.8	1.1	8.0
Construction	216.2	224.3	221.3	-8.1	-5.1	-3.6	-2.3
Manufacturing	229.5	228.6	221.8	0.9	7.7	0.4	3.5
Durable Goods Manufacturing	141.3	140.6	135.6	0.7	5.7	0.5	4.2
Nondurable Goods Manufacturing	88.2	88.0	86.2	0.2	2.0	0.2	2.3
Wholesale Trade	176.1	174.7	167.4	1.4	8.7	0.8	5.2
Retail Trade	317.2	316.7	312.5	0.5	4.7	0.2	1.5
Transportation, Warehousing and Utilities	189.7	191.8	180.8	-2.1	8.9	-1.1	4.9
Utilities	20.3	20.3	19.3	0.0	1.0	0.0	5.2
Air Transportation	20.3	20.2	19.9	0.1	0.4	0.5	2.0
Truck Transportation	30.9	30.9	29.9	0.0	1.0	0.0	3.3
Pipeline Transportation	12.9	12.9	12.2	0.0	0.7	0.0	5.7
Information	33.2	33.1	32.4	0.1	0.8	0.3	2.5
Telecommunications	11.8	11.7	11.7	0.1	0.1	0.9	0.9
Finance & Insurance	114.6	115.1	112.5	-0.5	2.1	-0.4	1.9
Real Estate & Rental and Leasing	67.9	68.0	64.2	-0.1	3.7	-0.1	5.8
Professional & Business Services	558.3	556.1	531.4	2.2	26.9	0.4	5.1
Professional, Scientific & Technical Services	273.9	274.6	256.1	-0.7	17.8	-0.3	7.0
Legal Services	*32.1*	*32.0*	*30.5*	*0.1*	*1.6*	*0.3*	*5.2*
Accounting, Tax Preparation, Bookkeeping	*29.6*	*29.5*	*28.6*	*0.1*	*1.0*	*0.3*	*3.5*
Architectural, Engineering & Related Services	*75.9*	*75.4*	*67.6*	*0.5*	*8.3*	*0.7*	*12.3*
Computer Systems Design & Related Services	*43.6*	*43.3*	*41.4*	*0.3*	*2.2*	*0.7*	*5.3*
Admin & Support/Waste Mgt & Remediation	237.8	235.3	231.3	2.5	6.5	1.1	2.8
Administrative & Support Services	*224.2*	*221.7*	*218.7*	*2.5*	*5.5*	*1.1*	*2.5*
Employment Services	*86.0*	*85.8*	*87.7*	*0.2*	*-1.7*	*0.2*	*-1.9*
Private Educational Services	72.6	72.8	69.1	-0.2	3.5	-0.3	5.1
Health Care & Social Assistance	371.2	370.2	352.2	1.0	19.0	0.3	5.4
Arts, Entertainment & Recreation	36.8	37.1	36.2	-0.3	0.6	-0.8	1.7
Accommodation & Food Services	311.9	306.3	301.6	5.6	10.3	1.8	3.4
Other Services	117.4	118.7	118.7	-1.3	-1.3	-1.1	-1.1
Government	450.9	450.5	432.8	0.4	18.1	0.1	4.2
Federal Government	33.2	32.9	31.9	0.3	1.3	0.9	4.1
State Government	95.4	95.7	90.7	-0.3	4.7	-0.3	5.2
State Government Educational Services	*54.1*	*54.8*	*51.0*	*-0.7*	*3.1*	*-1.3*	*6.1*
Local Government	322.3	321.9	*310.2*	0.4	12.1	0.1	3.9
Local Government Educational Services	*224.8*	*224.8*	*215.6*	*0.0*	*9.2*	*0.0*	*4.3*

SOURCE: Texas Workforce Commission